(b) and'(c) Although domestic retail selling prices of petrol, diesel and LPG have been raised from time to time, keeping in mind the increase; in international prices, other factors, including concern for relative domestic stability in the face of international volatility, have contributed to determining pricing policy. Government is constantly monitoring and keeping under careful review the prices of all sensitive petroleum products.

Voting rights to shareholders in banks

*196.SHRI RAMAMUNI REDDY SIRIGIREDDY:

SHRI ANAND SHARMA:

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Government propose to introduce a Bill to remove 10 per cent voting rights of shareholders in banks;

(b) if so, the details thereof;

(c) whether this would not pave the way for foreign banks to acquire private banks in the country;

(d) if so, how this helps the banking sector in the country; and

(e) the list of foreign banks which have applied to the RBI to acquire stakes in Indian banks?

THE MINISTER OF FINANCE (SHRI P. CHIDAMBARAM): (a) and (b) A Bill was introduced in the 13th Lok Sabha on 21.04.2003 to delete Sub-Section (2) of Section 12 of the Banking Regulation Act, 1949. Section 12(2) of the Act stipulates that no person holding shares in a Banking Company can exercise voting rights in excess of ten percent of the total voting rights of all its shareholders. The Parliamentary Standing Committee on Finance submitted its report supporting the proposed amendment. However, the Bill has lapsed due to the dissolution of the 13th Lok Sabha.

(c) In pursuance of a budget announcment made on 28.02.2003, the Government issued a notificaiton on 05.03.2004 rasing the Foreign Direct Investment (FDI) limit in private banks from 49% to 74%. In order to regulate the flow of FDI and set up a road map for this purpose, RBI has placed in the public domain draft guidelines/discussion paper on 02.07.2004. RBI would finalise the guidelines after receiving the feedback.

(d) Increase in FDI will provide professional expertise, improve the quality and range of services due to better technology, introduce new financial products and enable banks to adopt international best practices.

(e) in January 2003, HSBC sought RBI's approval for acquiring 20.07% stake in UTI Bank Ltd. RBI. allowed HSBC Asia Pacific Holding (UK)Ltd. to acquire 14.70% shares in UTI Bank Ltd. subject to certain conditions.

Panchayats as primary unit of Planning and Implementation

*197. SHRI R.P. GOENKA: Will the Minister of PANCHAYATI RAJ be pleased to state:

(a) whether it is a fact that recently some fresh initiatives have been taken to make the Panchayati Raj Institutions more effective by making Panchayats the primary units of planning and implementation of some 300-odd Centrally-sponsored schemes reaching the rural areas; and

(b) if so, the details thereof, including fresh guidelines laid down for the concerned Ministries at the Centre and/or the State Governments while formulating/implementing such schemes?

THE MINISTER OF PANCHAYATI RAJ (SHRI MANISHANKAR AIYAR): (a) and (b) The Ministry of Panchayati Raj has gone through the list of approximately 300 schemes listed in Volume-ll of the Expenditure Budget 2004-05 which, in the explanatory notes, itemizes, *inter alia,* the various Centrally Sponsored Schemes. The overwhelming majority of these schemes is related to the 29 subjects listed in the XI Schedule. In most Centrally Sponsored Schemes, there is considerable scope for increasing the involvement of Panchayats in line with the letter and spirit of Parts IX and IX A of the Constitution. As such, it is not until the provisions of Article 243G pervade the conceptualization of Centrally Sponsored Schemes that Panchayats will actually be empowered to function as "institutions of self-government" in respect of such schemes. These are among the issues that are being pursued through evolution of consensus in the series of seven Round Table of Panchayati Raj Institutions being organized by the Ministry of Panchayati Raj, six of which have already been held as stated above.

Prime Minister has approved a suggestion from the Ministry of Panchayati Raj that all Ministries who are operating Centrally Sponsored